

Amendments to the Specification

In the specification, please replace the section beginning on page 4 entitled DESCRIPTION OF THE DRAWINGS with the following section:

DESCRIPTION OF THE DRAWINGS

Fig. 1 is a block diagram describing a calculation process for leverage, margin monitoring, and management.

Fig. 2 is a block diagram illustrating Aggregate Exposure Quantification.

Fig. 3 is a block diagram illustrating Cross Funding to offset risk.

~~Fig.~~ Figs. 4A and 4B illustrates an example of aggregation including net exposure values computed separately for multiple product groupings.

~~Fig.~~ Figs. 5A and 5B illustrates an example of aggregation including net exposure values computed according to market segments.

Fig. 6 illustrates a trading flow of a system embodying the present invention.

~~Figs. 7a and 7b~~ 7A, 7B, 7C, and 7D illustrate a specific example of collateral management practice functions and entity-counterparty communications.

Fig. 8 is an exemplary interface screen that can be utilized with the current invention.

Fig. 9 is a diagram representing an exemplary system usable with the present invention.

Please replace the first full paragraph on page 12 with the following paragraph:
Referring now to ~~Fig. 4~~ Figs. 4A and 4B, an example of one particular implementation of the present invention, wherein Net Exposure Values are computed for various financial product groupings, is illustrated. As illustrated, an entity, or entity hierarchy 410 can

include various aspects of a holding company 430, including subsidiaries, associated companies, participating interests, ~~principle~~-principal entities in financial investments, corporations, partnerships, purchasing associations, and any other group of entities.

Please replace the first paragraph on [age 13 with the following paragraph:

In the example of the present invention illustrated in ~~Fig. 4~~-Figs. 4A and 4B, net exposure values are computed separately for financial product groupings 413. Specific examples of financial products groupings can include Exchange Traded Derivatives (ETD) products 415, Over The Counter (OTC) products 416, Security Financing 417, Repurchase Agreements (Repo) 418, and emerging markets 419. Product grouping totals can be accumulated according to a parent entity 414 such that the parent entity aggregate exposure can be computed 420 with a simple sum of the product grouping totals 414. Collateral may not necessarily be utilized across groupings. Under certain circumstances, collateral accounts may be shifted in order to cover shortfalls within a grouping from overages in another or even ~~monitizing~~ monetizing unrealized profits to cover shortfalls. Closeout events of this type of aggregation can be done in accordance with a collateral based agreement.

Please replace the second paragraph second paragraph on page 13 with the following paragraph:

Referring now to ~~Fig. 5~~-Figs. 5A and 5B, another (and differentiating) embodiment of the present invention is illustrated, wherein Net exposure values are computed across market segments 513. Similar to the example above, an entity, or hierarchy is identified 510.

Exchange and Off Exchange products are also identified 511, as are Master collateral Based agreements 512. However, in this embodiment, the system tracks and accumulates market product segments forming a composite exposure across the market segments 515. The aggregate exposure Value is then computed 516 and Margin Requirements are determined. Closeout events of this type are done in accordance with an over-riding agreement such as a Mater-Master.

Please replace the second full paragraph on page 15 with the following paragraph:

One specific implementation of the operational collateral management practice method 604 and the entity-counterparty communications 605 is illustrated in detail in Figs. ~~7a and 7b~~ 7A, 7B, 7C, and 7D. Disparate Front Office trading systems can source data into the present invention. Source data can include a combination of data relating to equities including stocks, options, indexes and complex derivatives; fixed income products, including; treasury products including foreign exchange options and foreign exchange forwards; securities finance; ETD; e-commerce trading data and other tradeable units. A data file export schedule can be accomplished, for example, using file transfer protocol, email or direct database connections. A LM³ system can act as a file repository and receive the transmitted files 714. A data file import scheduler 715 can initiate the importation of the data files into an LM³ system 716. Transactions and market conditions can also be transmitted as they occur and forwarded to the invention for incorporation into the aggregation engine.